



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Douglas Holtz-Eakin, Director

October 26, 2005

Honorable Charles E. Grassley
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The Congressional Budget Office has prepared the attached table summarizing our estimate of the budgetary effects of the reconciliation recommendations of the Senate Committee on Finance. We will provide a more-detailed, written estimate later this week.

CBO understands that the Committee on the Budget will be responsible for interpreting how these proposals compare with the reconciliation instructions in the budget resolution.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Tom Bradley, who can be reached at 226-9010.

Sincerely,

Douglas Holtz-Eakin

Attachment

cc: Honorable Max Baucus
Ranking Democratic Member

Honorable Judd Gregg
Chairman
Committee on the Budget

Honorable Kent Conrad
Ranking Member

CBO's Estimate of the Budgetary Effects of the Senate Finance Committee's Reconciliation Recommendations

Based on the legislative language ERN05941, as approved by the committee on October 25, 2005.

Figures are outlays by fiscal year, in millions of dollars. Costs or savings of less than \$500,000 are noted with an asterisk.

Section	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
Changes in Direct Spending												
SUBTITLE A -- MEDICAID												
Chapter 1 -- Prescription drugs												
6001 Upper limits on pharmacy reimbursement	-70	-750	-1,025	-1,250	-1,500	-1,700	-1,925	-2,150	-2,400	-2,675	-4,595	-15,445
6002 Increase rebates for brand-name and generic drugs	-230	-255	-265	-305	-345	-375	-415	-455	-505	-550	-1,400	-3,700
6003 Include authorized generics in best price calculation	-15	-30	-40	-45	-50	-60	-70	-80	-90	-105	-180	-585
6004 Collect rebates on physician-administered drugs	-10	-35	-35	-35	-35	-35	-35	-35	-40	-40	-150	-335
Chapter 2 -- Long-term care												
6011 Revisions to asset transfer rules	-36	-59	-70	-85	-85	-85	-110	-110	-120	-130	-335	-890
6012 Repeal moratorium on Partnership programs	0	0	0	5	5	5	5	5	5	5	10	35
Chapter 3 -- Fraud, waste, and abuse												
6021 Third-party recovery provisions	-20	-70	-110	-140	-140	-150	-160	-170	-170	-190	-480	-1,320
6022 Limit use of contingency fees	0	0	0	0	0	0	0	0	0	0	0	0
6023 Encourage states to enact False Claims Acts	0	1	-1	-7	-18	-32	-44	-60	-77	-96	-25	-333
6024 Require False Claims Act education programs	0	0	-1	-2	-4	-7	-9	-12	-16	-19	-7	-70
6025 Prohibit double payments on prescription drug claims	*	*	*	*	*	*	*	*	*	*	*	*
6026 Medicaid integrity program	59	75	75	94	100	79	75	75	75	75	403	781
Chapter 4 -- State financing												
6031 Tighten definition of TCM services	-30	-100	-180	-230	-220	-230	-250	-260	-280	-290	-760	-2,070
6032 FMAP increases for AK, AL, LA, and MS	1,875	65	0	0	0	0	0	0	0	0	1,940	1,940
6033 Restrict provider taxes on MCOs	-5	-15	-15	-20	-20	-20	-25	-25	-25	-30	-75	-200
6034 Require states to cover podiatry services	10	10	10	10	15	15	15	15	15	20	55	135
6035 Increase DSH payments for District of Columbia	20	20	20	20	20	21	21	22	22	23	100	209
6036 Institutions for Mental Diseases demonstration	10	20	0	0	0	0	0	0	0	0	30	30
Chapter 5 -- Medicaid / SCHIP expansions												
6042 Allow states to cover certain disabled children	0	0	10	160	550	780	930	1,000	1,080	1,170	720	5,680
6043 Demonstration programs for certain disabled children	0	2	8	11	15	31	14	13	10	6	36	110
6044 Family-to-family health information centers	0	2	3	4	2	*	*	0	0	0	11	11
6045 Restore Medicaid eligibility for certain SSI recipients	0	20	25	30	30	35	40	40	45	50	105	315
6051-54 SCHIP provisions and all SCHIP interactions	165	245	-90	-70	-110	-110	-90	-155	-95	-95	140	-405
6055 Funding for outreach activities	0	10	20	20	15	10	10	10	10	5	65	110
6061 Money Follows the Person demonstration	0	0	0	20	85	210	350	460	400	285	105	1,810
Chapter 6 -- Option to delay application												
6071 Allow Katrina states to delay application of provisions	2	0	0	0	0	0	0	0	0	0	2	2
Total, Subtitle A	1,725	-844	-1,661	-1,815	-1,689	-1,618	-1,673	-1,872	-2,156	-2,581	-4,285	-14,184

(Continued)

CBO's Estimate of the Budgetary Effects of the Senate Finance Committee's Reconciliation Recommendations (continued)

Based on the legislative language ERN05941, as approved by the committee on October 25, 2005.

Figures are outlays by fiscal year, in millions of dollars. Costs or savings of less than \$500,000 are noted with an asterisk.

Section	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
SUBTITLE B -- MEDICARE												
6101 Extend Medicare-dependent hospital program	0	3	3	4	4	4	0	0	0	0	14	18
6102 Cut bad debt payments to SNFs	0	-10	-50	-90	-100	-110	-120	-130	-140	-150	-250	-900
6103 Extend 50% threshold for determining IRFs	30	70	5	0	0	0	0	0	0	0	105	105
6104 Prohibit certain physician self-referrals	-4	-4	-4	-5	-5	-5	-5	-6	-6	-6	-22	-50
6105 Payment updates for physician services	2,000	3,200	3,200	2,500	-100	-2,300	-3,100	-2,900	-2,100	-1,100	10,800	-700
6106 Extend hold harmless provision for certain hospitals	130	40	0	0	0	0	0	0	0	0	170	170
6107 Increase composite rate for dialysis services	60	100	110	120	130	140	150	150	160	170	520	1,290
6108 Extend moratorium on therapy caps for 1 year	530	180	0	0	0	0	0	0	0	0	710	710
6109 Require purchase of DME rentals after 13 months	-140	-190	-190	-190	-200	-210	-230	-250	-270	-290	-910	-2,160
6110 Value-based purchasing proposals	0	-1,220	-860	-1,450	-980	-1,020	-680	-600	-220	-190	-4,510	-7,220
6111 Phase out budget neutrality payments to MA plans	0	0	-1,440	-2,090	-2,930	-3,610	-3,320	-3,880	-4,270	-4,490	-6,460	-26,030
6112 Eliminate MA regional stabilization fund	0	-1,100	-1,450	-1,450	-1,440	-1,530	-1,390	-1,420	-390	0	-5,440	-10,170
6112 Delay payment of Medicare claims	-5,160	5,160	0	0	0	0	0	0	0	0	0	0
6113 Development grants for rural PACE programs	5	9	9	7	7	7	7	8	8	9	37	76
6114 Waive Part B late enrollment penalty for certain individuals	0	4	5	5	6	6	7	7	8	9	20	57
6115 Allow FQHCs to bill Medicare for additional services	5	5	10	10	10	15	15	15	20	20	40	125
Medicare Advantage interaction	0	80	200	170	50	-110	-200	-230	-220	-160	500	-420
Premium interaction	0	-810	-565	-235	565	1,165	1,300	1,320	1,000	750	-1,045	4,490
Total, Subtitle B	-2,544	5,517	-1,017	-2,694	-4,983	-7,558	-7,566	-7,916	-6,420	-5,428	-5,721	-40,609
Net changes in direct spending	-819	4,673	-2,678	-4,510	-6,672	-9,176	-9,239	-9,787	-8,576	-8,009	-10,006	-54,794

Notes:

DME = durable medical equipment
 DSH = disproportionate share hospital
 FMAP = federal medical assistance percentage
 FQHC = federally qualified health center
 IRF = inpatient rehabilitation facility
 MCO = managed care organization
 MA = Medicare Advantage
 PACE = Program for All-Inclusive Care for the Elderly
 SCHIP = State Children's Health Insurance Program
 SNF = skilled nursing facility
 SSI = Supplemental Security Income
 TCM = targeted case management

Changes in budget authority would be identical to the estimated changes in outlays for all provisions except those affecting the Medicaid Integrity Program, the Medicaid demonstrations, family-to-family health information centers, SCHIP, and grants for rural PACE programs.